



Partnering to Promote Housing and Community Development Opportunities



Home Loan Bank of New York



HOUSING,

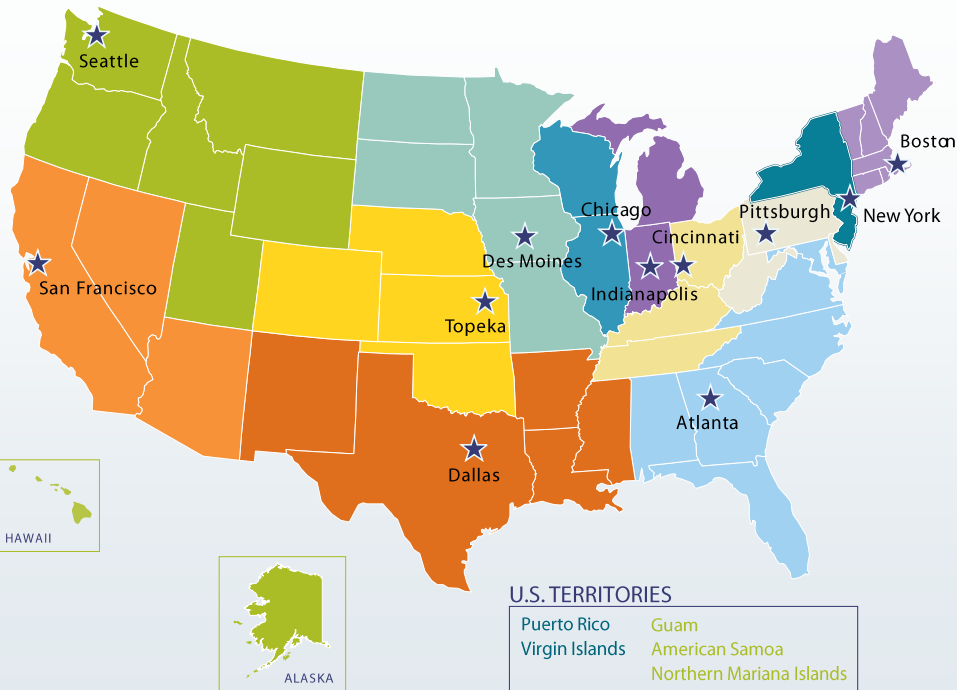
COMMUNITY

&

ECONOMIC DEVELOPMENT



The Federal Home Loan Bank (“FHLBank”) System



Federal Home Loan Bank of New York Second District



What is the Federal Home Loan Bank?

- Corporation created by Congress in 1932
- AAA-rated
- Owned by its customers – a cooperative
- Regulated by two agencies –
 - Federal Housing Finance Agency (“FHFA”)
 - SEC
- Exempt from most taxes
- Provides economical housing finance
- Make investments to earn additional income
- Provides other services
- Government Sponsored Enterprise

Who we are...

- One of the 12 regional co-operative Federal Home Loan Banks
 - A privately owned wholesale bank, owned and operated by our member institutions
 - A co-operative organization that serves the liquidity needs of our members through access to low cost funds
 - Serves over 341 member institutions including commercial banks, thrifts, credit unions and insurance companies in New York, New Jersey, and Puerto Rico and the Virgin Islands
 - Has generated over \$96.8 billion in assets **
- ** As of May 2011
- Serves the public by partnering with our members to provide low-cost funding for housing, community development lending and asset/liability management

What we do...

- Our Mission: To advance housing opportunity and local community development by maximizing the capacity of community-based member-lenders to serve their markets
- Offer a wide array of credit products and correspondent services
- AAA-rated Letters of Credit
- Mortgage Partnership Finance (MPF)
- Housing & Community Lending Programs
 - Affordable Housing Program (AHP)
 - First Home Club
 - Community Lending Programs

Two Parties Needed to Make the FHLBanks Work



- People to borrow from us
- (Members)

- People to invest in our debt
- (Investors)

• Connecting Investors with Homeowners



•The Federal Home Loan Bank System Guide: www.fhlbanks.com



Community Lending Programs



Housing & Community Lending

- **Community Lending Programs**
 - Community Investment Program (CIP)
 - Urban Development Advance (UDA)
 - Rural Development Advance (RDA)

- **Subsidized Housing Programs**
 - Affordable Housing Grant Program (AHP)
 - First Home Club (FHC)

Community Lending Programs

Make low-cost advances available:

- to promote affordable housing initiatives;
- to promote community and economic development projects;
- to support members' community lending activity

Community Lending Programs

- ◆ Applies to a wide range of project types.
- ◆ Benefits both HLB Member Institutions and their customers:
 - Members may receive CRA credit for housing related projects
 - Members obtain funds that match terms of end loan
 - End loan recipient obtains access to lower cost funds at favorable terms

Community Lending Programs

For Housing:

- **Community Investment Program (CIP)**

For Community and Economic Development in Urban Areas:

- **Urban Development Advance (UDA)**

For Community and Economic Development in Rural Areas:

- **Rural Development Advance (RDA)**

Community Investment Program ► CIP

- ◆ Advance program that provides financing for homeownership and rental housing development activities
- ◆ Housing must benefit individuals or families with incomes at 115% or less of the area median income



CIP Eligibility

- 1) Individual owner-occupied housing units, each of which is purchased or owned by a family with an income at or below 115% of the area median
- 2) Projects or programs involving multiple units of owner-occupied housing in which at least 51% of the units are owned or intended to be purchased by families with incomes at or below 115% of the area median

CIP Eligibility

- 3) Rental housing where at least 51% of the units are occupied by, or the rent is affordable to, families with incomes at or below 115% of the area median
- 4) Manufacturing housing parks where at least 51% of the units are occupied by, or the rent is affordable to, families with incomes at or below 115% of the area median or located in a neighborhood with a median income at or below 115% of the area median

Uses of CIP

Housing

- ◆ Origination of single-family mortgages
- ◆ Refinancing of single-family mortgages
- ◆ Financing of housing projects:
 - Property acquisition
 - Construction
 - Permanent financing
 - Re-financing
 - Renovation / Rehabilitation
 - Home Improvement

Urban Development Advance ► UDA

- ◆ Advance program that provides financing for community and economic development activities
- ◆ Project being financed must be located in an area (*unit of general local government*) with population greater than 25,000
- ◆ Project being financed must benefit individuals or families at or below 100% of the area median income

UDA Eligibility

Geographic Criteria:

- a) Located in an neighborhood with a median income at or below 100% of the median income for the larger surrounding area
- b) Located in a urban Champion Community, or a urban Empowerment Zone, or urban Enterprise Community
- c) Located in a federally or state declared disaster area
- d) Located in an Native American Indian area
- e) Is eligible for a federal Brownfield Tax Credit
- f) Located in an area affected by a federal military closing or realignment
- g) Located in an area identified as a designated community under the Community Adjustment and Investment Program

UDA Eligibility

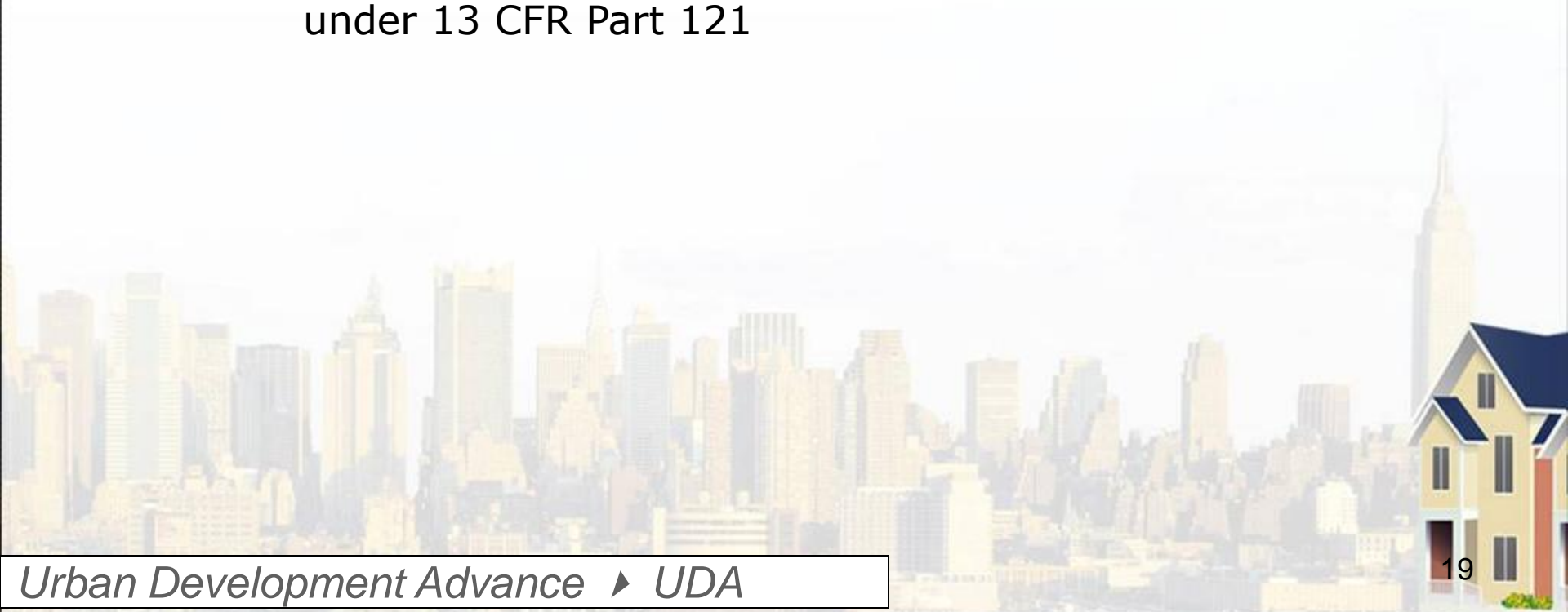
Individual Criteria:

- a) The annual salaries for at least 51% of the permanent full- and part-time jobs, computed on a full-time equivalent basis, created or retained by the project (other than construction jobs) are at or below 100% of the median income
- b) At least 51% of the families who otherwise benefit from (other than through employment) or are provided services by the project have incomes at or below 100% of the median income

UDA Eligibility

Small Business Criteria:

- a) Projects that qualify as small businesses as defined by section 3(a) of the Small Business Act and implemented by the Small Business Administration under 13 CFR Part 121



Rural Development Program ► RDA

- ◆ Advance program that provides financing for community and economic development activities
- ◆ Project being financed must be located in an area (*unit of general local government*) with population of 25,000 or less
- ◆ Project being financed must benefit individuals or families at or below 115% of the area median income

RDA Eligibility

Geographic Criteria:

- a) Located in an neighborhood with a median income at or below 115% of the median income for the larger surrounding area
- b) Located in a rural Champion Community, or a rural Empowerment Zone, or rural Enterprise Community
- c) Located in a federally or state declared disaster area
- d) Located in an Native American Indian area
- e) Is eligible for a federal Brownfield Tax Credit
- f) Located in an area affected by a federal military closing or realignment
- g) Located in an area identified as a designated community under the Community Adjustment and Investment Program

RDA Eligibility

Individual Criteria:

- a) The annual salaries for at least 51% of the permanent full- and part-time jobs, computed on a full-time equivalent basis, created or retained by the project (other than construction jobs) are at or below 115% of the median income
- b) At least 51% of the families who otherwise benefit from (other than through employment) or are provided services by the project have incomes at or below 115% of the median income

RDA Eligibility

Small Business Criteria:

- a) Projects that qualify as small businesses as defined by section 3(a) of the Small Business Act and implemented by the Small Business Administration under 13 CFR Part 121

Uses of RDA/UDA

Commercial / Economic Development

- ◆ Financing of commercial lending (non-residential) activities:
 - Property acquisition
 - Construction
 - Permanent financing
 - Re-financing
 - Renovation / Rehabilitation
 - Equipment purchase / expansion
 - Small business loans

Benefits of CLP Programs

- ◆ Our lowest priced advances
- ◆ No commitment, non-takedown or cancellation fees
- ◆ Long-term bullet or amortizing advances available
- ◆ Members lock in cost of funds for entire term of loan.
- ◆ Flexible funding structures can match terms of end-loan

Benefits of CLP Programs

- ◆ Gives our Member Banks the competitive edge – you can offer your customer lower cost funds at favorable terms
- ◆ Reduce financing costs of community and economic development projects
- ◆ Applicable to a wide range of community and economic development activities

CIP, UDA, RDA ► Some Examples...

Community Lending Program Funds can be used for:

- Origination and re-financing of single-family mortgages
- Housing relating projects – Multi-family housing, condominium projects, etc.
- Special Needs Housing
- Business loans
- Health Care facilities / Hospital Wings
- Retail Centers
- Educational Facilities
- Daycare Centers
- Disaster Relief



Types of CIP, UDA, RDA Commitments

♦ **Project-Specific Commitment**

- Apply for funds on a project-by-project basis

♦ **Program-Specific Commitment**

- Apply for funds based on a targeted lending program
- CIP-eligible multi-family or single-family residential lending (90-day look-back)
- RDA/UDA eligible economic development, commercial, industrial or small business lending (90-day look-back)

Fresh-Start Home Finance Program

- ◆ Advance program to provide foreclosure assistance for low- to moderate-income households (115% AMI)
- ◆ Homeowners that meet any of the following conditions are eligible for Fresh-Start Home Financing through a HLB member:
 - A mortgage interest rate that is at an unaffordable level;
 - An interest-only or adjustable rate mortgage that has reset, or is due to reset, to a rate that is at an unaffordable level;
 - A mortgage with other non-traditional means that render the product unsuitable for their affordability means

Fresh-Start Home Finance Program

- ◆ All the program features of the Community Lending Programs apply:
 - Lowest priced advances - generally priced 23 to 25 basis points below regular advances of like terms
 - Program – specific commitments
 - Apply for funds on a 90 – day look back basis
 - No commitment, non-takedown or cancellation fees
 - Flexible funding structures: long-term bullet or amortizing advances available

Financed Single & Two Family Homes

CIP: \$750,000

Term: 10 year fixed



Acquisition and Rehabilitation of 7 units

CIP: \$75,000

Term: 10 Yr Fixed



Financed Renovation of Assisted Living Facility

CIP: \$3,300,000

Term: 5 Yr Fixed : 5 Yr Amort.



Financed Addition to Warehouse

RDA: \$60,000

Terms: 7 Yr Fixed : 7 Yr Amort.



Financed Building & Vehicle Purchase

- (1) RDA: \$400,000
Terms: 3 Yr Fixed : 3 Yr Amort.
- (2) RDA: \$150,000
Terms: 15 Yr Fixed : 15 Yr Amort.



Financed New Equipment Purchase

UDA: \$384,000

Term: 7 Yr Fixed : 7 Yr Amort.



Refinanced Existing Debt

RDA: \$192,000

Term: 3 Yr Fixed : 3 Yr Amort.



Refinance and Consolidate Loan for Medical Facility

UDA: \$170,000

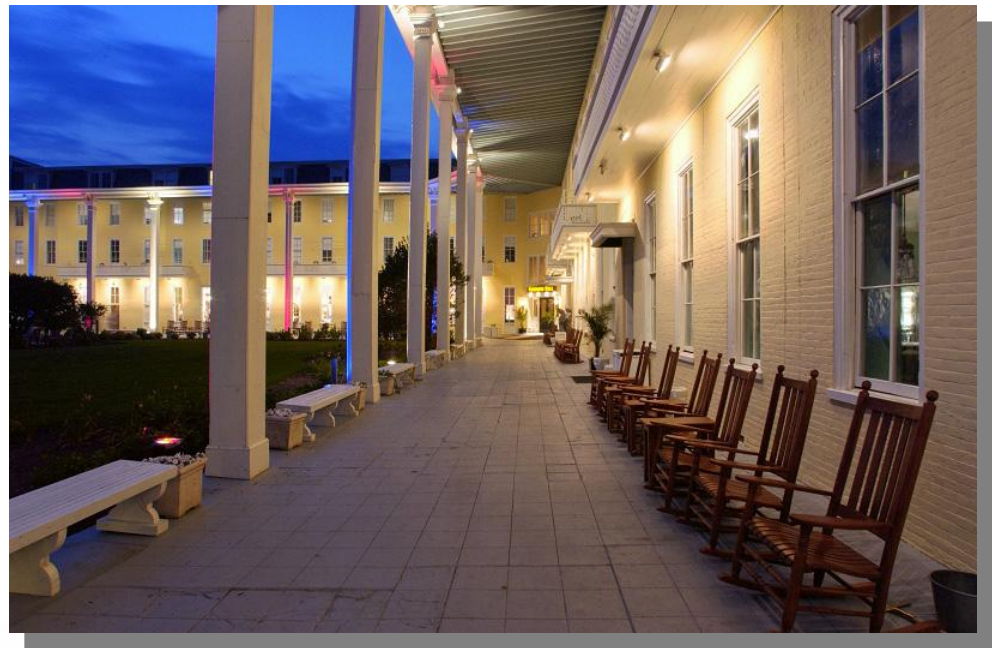
Term: 15 Yr Fixed : 15 Yr Amort.



Financed Hotel Renovation

RDA: \$8,200,000

Terms: 20 Yr Fixed : 20 Yr Amort.





Affordable Housing Program



Affordable Housing Program ► AHP

- ◆ Funded out of HLB net income
- ◆ Established in 1990 to promote affordable housing opportunities for homeowners and renters with incomes at or below 80% of area medium income
- ◆ Provides subsidized funding to qualified affordable housing projects

Eligible Uses of AHP Funds

- ◆ Acquisition, construction or rehabilitation
- ◆ Rental Housing
 - Permanent rental units or transitional housing
 - At least 20% of the units must earn 50% or less of the area median income
- ◆ Owner-Occupied Housing
 - Single family, two-family, condos, co-ops
 - All units for households earning 80% or less of the area median income

Who can access AHP?

- ◆ HLB member banks
- ◆ Project sponsors in partnership with HLB member bank:
 - Non-profit organizations
 - State or local government agencies
 - For profit affordable housing developers

AHP Funds Available in 2011:

- ♦ 2011 Total AHP Allocation: \$31,094,793
(10% of FHLB NY 2010 Net Income)
 - Competitive AHP: \$26,594,793
 - First Home Club Set-Aside: \$4,500,000
(Non-Competitive AHP)

AHP Application Process

- ♦ Dual AHP application deadlines for 2011 Round Offering:
Tuesday, August 9th for paper applications
Friday, August 12th for CD Rom submissions
- ♦ Applications must be submitted by a member bank
- ♦ Project must meet minimum eligibility thresholds and feasibility requirements

AHP Application Process

- ◆ Applications are awarded points based on the project's ability to satisfy certain criteria
- ◆ All applications are competitively scored and ranked
- ◆ Highest scoring applications are awarded subsidy
- ◆ Four alternate submissions are selected

Project Eligibility

- ◆ Must be rental or owner-occupied
- ◆ Use AHP funds within 12 months
- ◆ Funds may only be used for approved purposes
- ◆ Sponsor must be qualified
- ◆ Units must remain affordable:
 - - Owner-occupied projects: 5 years
 - - Rental projects: 15 years

Project Eligibility

- ◆ Project must meet fair housing laws
- ◆ Maximum subsidy limits
 - - No more than \$20,000 per unit
 - - No more than 10% of available subsidy (\$2,787,000 in 2011)
 - - No more than 10% of available subsidy for multiple AHP application submissions for scattered site projects
- ◆ Meet feasibility requirements

Project Scoring

- ◆ Nine scoring categories worth a total of 100 points
 1. Donated Properties
 2. Sponsorship by Non-Profit or Government Entity
 3. Targeting
 4. Homeless Housing
 5. Empowerment
 6. AHP Subsidy per Unit

Project Scoring

7. Community Stability

- a) Develop housing units on foreclosed or at-risk sites
- b) Preserve existing housing units
- c) Qualify for historic tax credits
- d) Create housing units in a difficult to develop area or a Qualified Census Tract
- e) Develop on converted and/or re-used non-housing site(s)

Project Scoring

8. First District Priority

- a) Member Financial Participation
- b) In-District Projects

9. Second District Priority

Multi-family / Rental Projects

- a) Bedroom Distribution
- b) Project Readiness

Owner-Occupied Projects

- a) 2-4 Family Owner-Occupied Dwellings
- b) Installation of Energy Efficient Products

Project Scoring

- ◆ Project does not have to qualify for every category
- ◆ AHP Subsidy Request Limits – the lesser of:
 - a) \$20,000 per unit or
 - b) 10% of the offering

Project Financial Review

- ◆ The HLB updates its Implementation Plan each year with Project Feasibility Guidelines
- ◆ A project must demonstrate a need for AHP Subsidy
- ◆ For rental projects, the Development Budget, a 15-year Operating Pro Forma, and a Rental Project Worksheet is assessed
- ◆ Social services and the operating costs of non-housing areas may not be paid for through tenant rents

Project Financial Information

- ◆ Owner-Occupied Projects
 - a) Downpayment and closing cost assistance
 - b) Emergency repairs / renovations
 - c) Analysis of monthly housing expenses/debt (PITI)
- ◆ Multi-family / Rental Projects
 - a) Development Budget and Corresponding Funding Sources
 - b) Rent Plan
 - c) Multi-Year Operating Pro Forma and Cash Flow Statement
- ◆ Each project must demonstrate a need for AHP subsidy

Project Approval

- ◆ Announcement of approvals made approximately four months after application submission
- ◆ Funds are available immediately after project has been approved and executed Member commitment agreement and Memorandum of Understanding is returned

Drawdown Process

- ◆ Go to www.fhlnbny.com to download the appropriate forms and information relative to your specific project type
- ◆ The project's financial structure is reviewed to confirm the continued need for subsidy and additional information may be necessary
- ◆ When the drawdown package is acceptable, funds are deposited into the Member Bank's Demand Deposit Account
- ◆ The Member transmits the funds to the sponsor via a check or deposit

Performance Statistics:

- ◆ District-wide (NY, NJ, PR, VI)
 - Subsidy \$397,163,293
 - TDC's \$7,315,139,101
 - Units 43,403
 - Projects 1,282

Performance Statistics:

- ◆ New Jersey:

-- Subsidy	\$131,385,991
-- TDC's	\$2,547,065,745
-- Units	17,050
-- Projects	435

Benefits of Participation in the AHP

- ◆ CRA credit
- ◆ Enhance community relations by gaining recognition for community investment activities in your communities
- ◆ Develop and maintain partnerships with non-profit housing groups in the community
- ◆ Increase Congressional recognition



First Home Club



First Home Club ► FHC

- ◆ Set-aside program of the Affordable Housing Program
- ◆ Provides down payment and closing cost assistance to first-time homebuyers with incomes at or below 80% of the area median income
- ◆ Assistance provided in the form of a grant of up to \$7,500 based on a 4:1 match of household's savings

Enrollment

- ◆ Three enrollment periods each year:
 - March
 - July
 - November
- ◆ Non – competitive program



Requirements

- ◆ Household's income cannot exceed 80% of the area median income
- ◆ Households must be enrolled through a member bank
- ◆ 10 – 24 months of systematic savings in a dedicated account with the member bank
- ◆ Completion of a HLB approved homeownership counseling program

Requirements

- ◆ Member bank must originate household's mortgage
- ◆ Funds must be used for down payment and closing cost assistance
- ◆ Five year retention period



Example

- Household saves \$187.50 a month for 10 months for a total savings of \$1,875 (or other regular savings to meet equity goal)
- Household completes homeownership counseling program and is approved by the member bank for a mortgage
- HLB provides up to \$7,500 (4:1 match) for down payment and closing cost assistance

Participation

- ◆ District-wide (NY, NJ, PR, VI):

-- Households Enrolled	3,076
-- Closings	4,733
-- Subsidy Funded	\$30,428,513

Benefits of Participation in the First Home Club

- ♦ Win – Win for everyone
- ♦ Benefits to the household
- ♦ Benefits to the HLB Member
- ♦ Benefits to the community

Asbury Tower

Asbury Park, NJ

Subsidy: \$4,150,000

Units: 347



Mt. Olive Manor II

Flanders, NJ

Subsidy: \$275,000

Units: 50



Gloria Robinson Court Homes Phase II

Jersey City, NJ

Subsidy: \$585,000

Units: 78



Berry Street Commons

Somerset, NJ

Subsidy: \$940,000

Units: 94



Hughson Commons Carmel, NY

Subsidy: \$1,228,600

Units: 93



First Home Club Recipients



First Home Club Counseling





Advancing Housing and Community Growth

CI Operations	(212) 441-6850
Joseph Gallo	(212) 441-6851
Edwin Bird	(212) 441-6853
Beth Bentley	(212) 441-6856
Peter King	(212) 441-6858
Bridget Morrissey	(212) 441-6854

www.fhlbny.com

(Click on the "Community" link)

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